



## Shop Till Your Rates Drop

While many nonprofit managers have enjoyed the temporarily low workers' comp premium rates, the fluctuating market has made shopping for insurance even more complex.

So what's the current strategy? Shop till your rates drop? Unfortunately, it's not so simple. The lowest rate doesn't necessarily mean the best coverage. To sort through some of the confusion, here are a few things to look for when you're trying to find a good carrier.

**1) Find a broker that knows & specializes in nonprofits.** It's critical that you find a broker who understands nonprofits, how they operate, and what workers' comp carriers will insure nonprofits. Chances are, many brokers won't have any understanding of your organization or the kinds of job categories your staff fits into, which will ultimately determine your rates. Your insurance may cost you more because of inappropriate job classifications.

You also want to make sure your broker will stand by you if you're having problems with your carrier during the year. It's a good idea to consult with other nonprofits, especially those similar to your organization in size and mission, before choosing a broker.

**2) Work with your broker to figure out the proper classifications for your staff.** To determine your rates, carriers divide your staff into different classifications. If, for example, you have a lot of clerical workers, expect to pay lower rates. If, on the other hand, you've got a bunch of circus performers on your payroll (the highest rate classification), you'll pay through the nose. A good broker will work with you to place your staff in the correct categories, and ultimately get you the best possible rates. Some brokers are less vigilant than others in placing staff into the right categories, which could result in much higher rates for nonprofits.

**3) Get quotes.** This is your broker's job. In general, a good broker will get quotes from at least three different carriers, and will know which carriers ensure which types of organizations.

**4) Review quotes & carriers with your broker.** It's now time to choose your carrier. Of course, you'll look for the lowest price, but there are a number of other considerations as well. For example, is the carrier financially stable? A low price is useless if your carrier is under-reserved and may not be able to provide the coverage it promises. You want to make sure the carrier will be there when you've got claims to be fulfilled.

You can gauge the financial stability of a carrier through Standard & Poor's Rating Services. For more information, call Standard & Poor's at (212) 208-1527. If you have Internet access, you can find the service at <http://www.standardandpoors.com>. You can also ask your broker for the carrier's Standard & Poor's rating.

Make sure you're aware of all fees, in addition to premiums, charged by your carrier. State Fund, for example, charges a hefty deposit in the first year of coverage.

Finally, look for a carrier that has a good loss control program. The carrier might provide training programs to help your organization minimize claims. If, for example, your staff spends a lot of time working with small children, the carrier might have workshops on the proper way for employees to lift children to avoid injuries. A carrier interested in minimizing claims this way can help you avoid paying higher-than-necessary workers' comp rates. ■